

BEFORE THE  
TENNESSEE STATE BOARD OF EQUALIZATION

<i>In Re:</i>	Samuel & Glennie Birchfield	)	
	Ward 55, Block 21, Parcel 16	)	
	Residential Property	)	Shelby County
	Tax year 2005	)	

INITIAL DECISION AND ORDER

Statement of the Case

The Shelby County Board of Equalization ("county board") has valued the subject property for tax purposes as follows:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$44,500	\$105,500	\$150,000	\$37,500

On January 11, 2006, the property owners filed an appeal with the State Board of Equalization ("State Board").

The undersigned administrative judge conducted a hearing of this matter on April 4, 2006 in Memphis. The property owners of record (now deceased) were represented at the hearing by their daughter, Charlotte A. Birchfield. Staff appraiser Chris Kirby appeared on behalf of the Shelby County Assessor of Property.

Findings of Fact and Conclusions of Law

The property in question is a one-story, 1,512-square-foot house that was built in the mid-Fifties. This residence, which includes a carport, is located at 326 Chuckwood in the city of Memphis.

Upon consideration of the taxpayer's complaint pursuant to Tenn. Code Ann. section 67-5-1407, the county board reduced the appraisal of the subject property from \$165,500 (the Assessor's original "cost value") to \$150,000.<sup>1</sup> In this appeal to the State Board, Ms. Birchfield contends that such property should be valued at \$135,910. The appellant derived that figure by deducting from the Assessor's value (\$165,500) the estimated cost of numerous repairs, replacements, and renovations which she believed a prospective buyer of the home would expect. Ms. Birchfield introduced a series of photographs showing the various deficiencies that she perceived in the subject house.

The prices for the five homes selected in Mr. Kirby's comparable sales analysis ranged from \$155,000 to \$236,000. In his view, the lowest-priced of those houses (151 Wallace) was probably most similar to the subject in overall condition.

---

<sup>1</sup>The Assessor's computer-assisted mass appraisal system had generated a so-called "comparable sale value" of \$184,000 for the subject property as of the January 1, 2005 reappraisal date.



Tenn. Code Ann. section 67-5-601(a) provides (in relevant part) that “[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values....”

Since the taxpayer seeks to change the present valuation of the subject property, she has the burden of proof in this administrative proceeding. State Board Rule 0600-1-.11(1).

It is doubtful whether the expenditure of nearly \$30,000 on the upgrades listed by the appellant would be economically feasible – that is, would result in a corresponding increase in the value of this 50-year-old house. In any event, even assuming that it would, the administrative judge must respectfully reject Ms. Birchfield’s proposed value. In the cost approach to the valuation of real property, the total amount of accrued depreciation is deducted from the estimated *replacement cost new* or *reproduction cost* of the structures – **not** the appraised value of the property. See, e.g., International Association of Assessing Officers, *Property Assessment Valuation* (2<sup>nd</sup> ed. 1996), pp. 128-129. Subtraction of the estimated cost to cure deferred maintenance from the disputed value, after all, would beg the question of whether such value takes the present condition of the improvements into account.

#### Order

It is, therefore, ORDERED that the following values be adopted for tax year 2005:

LAND VALUE	IMPROVEMENT VALUE	TOTAL VALUE	ASSESSMENT
\$44,500	\$105,500	\$150,000	\$37,500

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 27<sup>th</sup> day of April, 2006.



---

PETE LOESCH  
ADMINISTRATIVE JUDGE  
TENNESSEE DEPARTMENT OF STATE  
ADMINISTRATIVE PROCEDURES DIVISION

cc: Charlotte A. Birchfield  
Tameaka Stanton-Riley, Appeals Manager, Shelby County Assessor's Office  
Rita Clark, Assessor of Property

BIRCHFIELD.DOC